

NEWS RELEASE**FOR IMMEDIATE RELEASE****September 30, 2003**

A Decade of Dentsu Consumer Sentiment Surveys in Review

—Consumer Sentiment on Track to Recovery—

Since May 1993, the Center for Consumer Studies at Dentsu Inc. (President: Tateo Mataka; Head Office: Tokyo; Capital: 58,967.1 million yen) has surveyed men and women (excluding students), who live within a radius of 30 kilometers from central Tokyo, to gain an understanding of how consumers perceive the economy and consumption trends. Until June 1998, those surveyed were between 18 and 59 years of age but, since then, they have been aged between 18 and 74 years.

The survey is designed to probe consumption trends and their underlying causes. This year, which marks the 10th anniversary of the survey, attempts were also made to trace the changes consumer sentiment has undergone and to suggest a course that might be taken to revitalize consumption. The findings are outlined below.

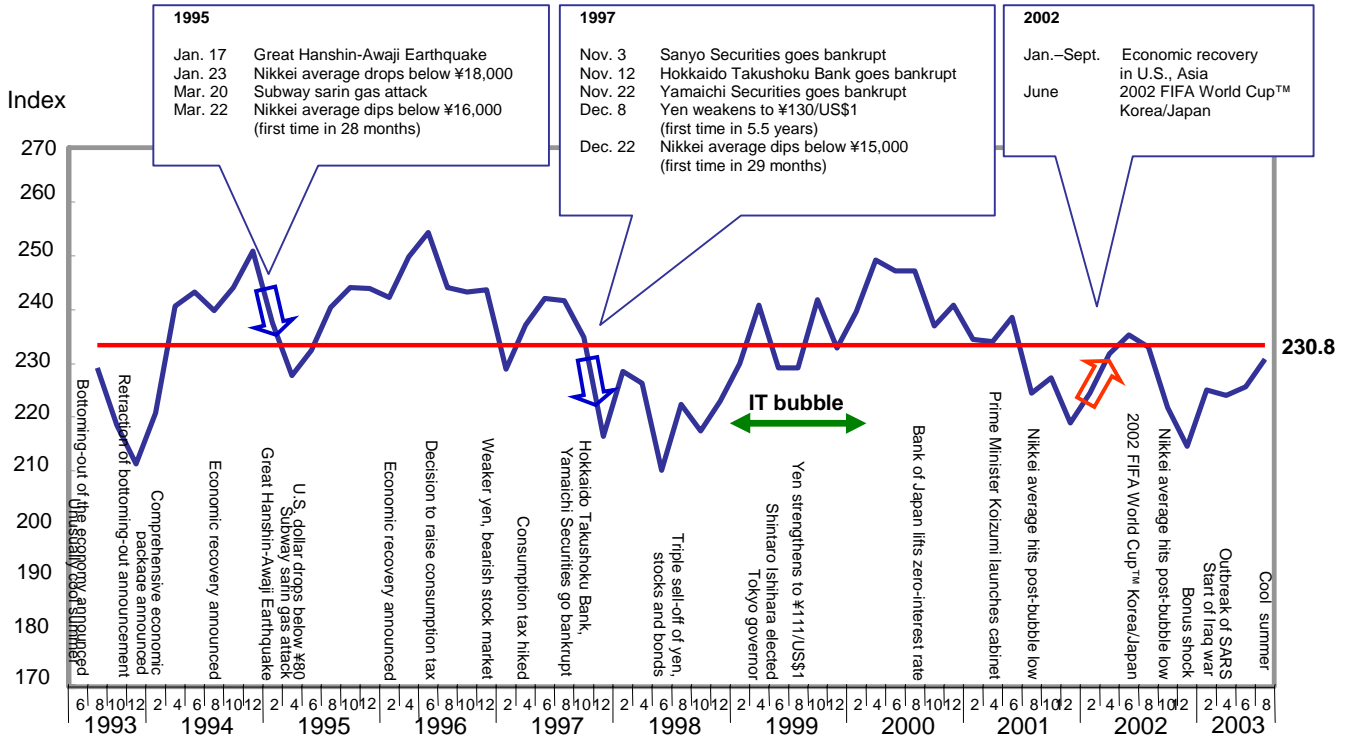
What Is the Dentsu Consumer Sentiment Index?

This index is expressed in terms of a figure that measures consumer sentiment from the perspective of five categories: the outlook for the economy and living standards, as well as willingness to buy durable goods, and spend on the latest apparel and leisure activities.

Changes in the Index over the Past Decade

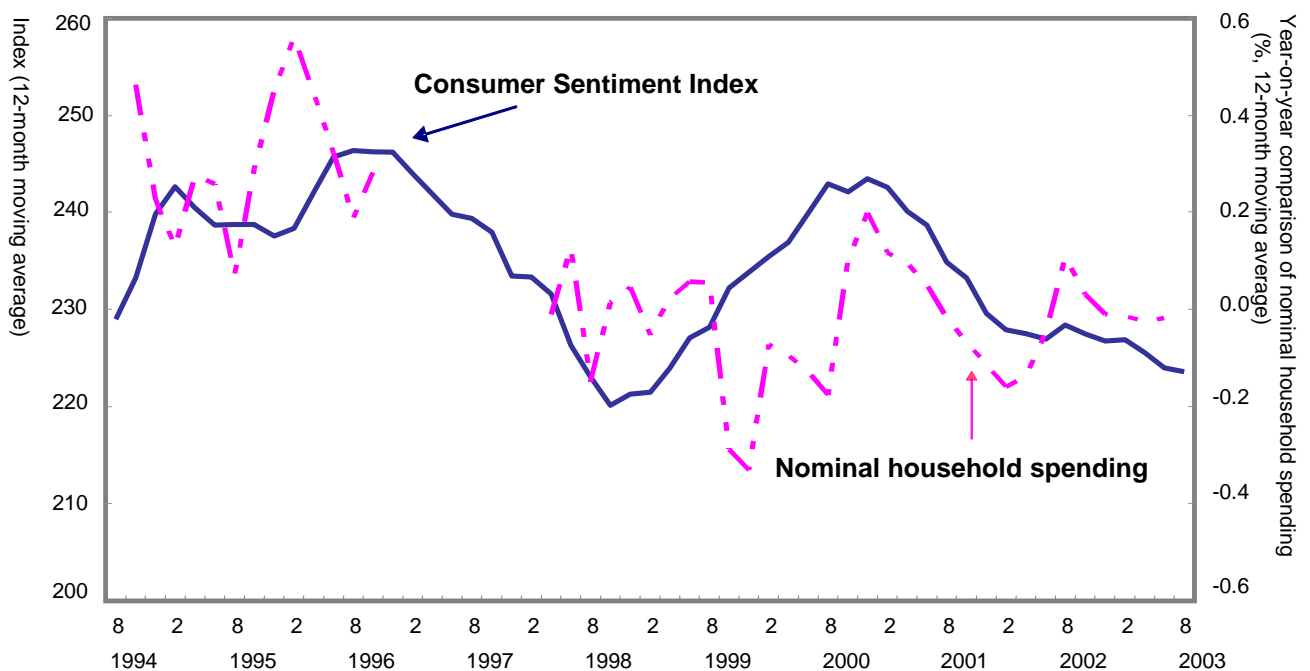
The index's most recent low, in December 2001, was followed by a temporary climb until June 2002, when it took a dive until December 2002, before beginning the climb that still continues.

Chart 1. Changes in the Dentsu Consumer Sentiment Index



Since changes in the Consumer Sentiment Index are generally reflected in household spending, the latter is expected to rise.

Chart 2. Consumer Sentiment, Corresponding Changes in Household Spending



Note: Because of the impact of the consumption tax rate hike that took effect in 1997, nominal household spending for the period from December 1996 to February 1998 has been omitted.

Consumer Sentiment on Upswing, Economic Recovery Foreseen

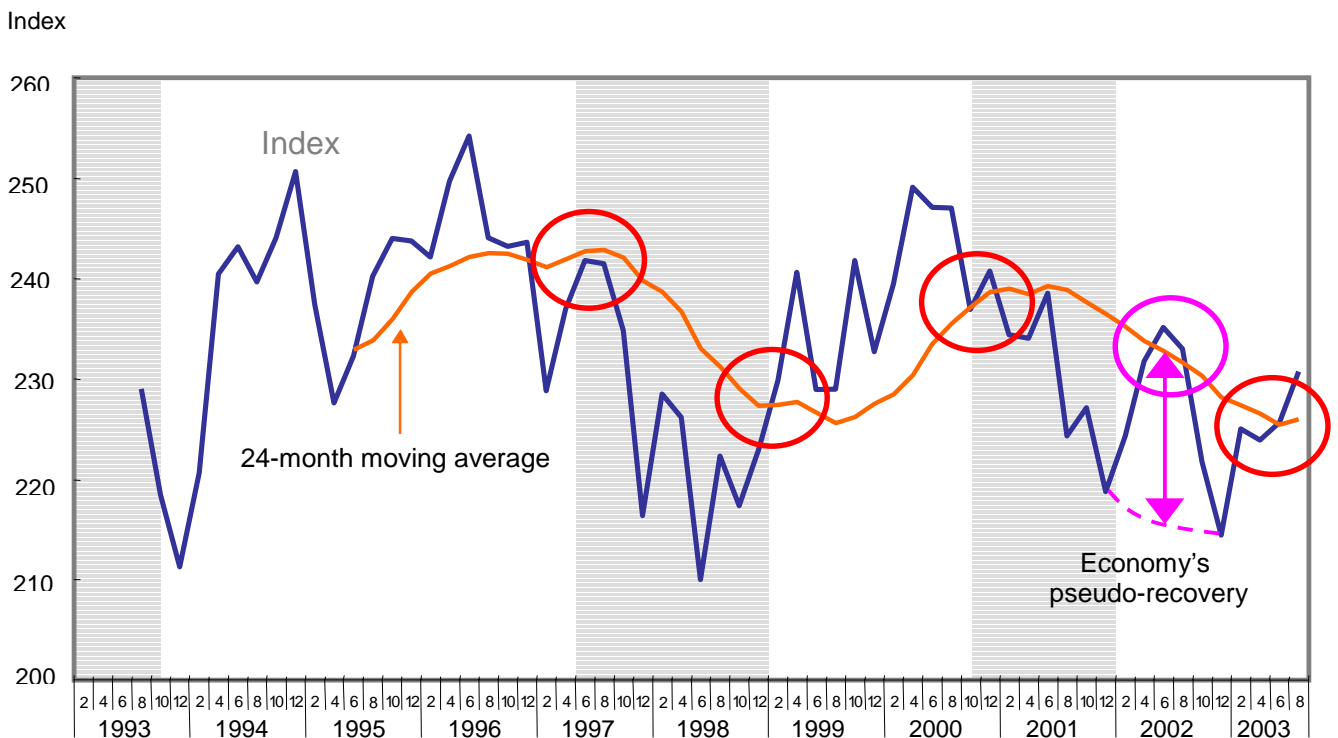
As a rule of thumb, when the paths of the Dentsu Consumer Sentiment Index and 24-month moving average intersect, the economy generally begins to rally. It should be noted that the 24-month moving average here indicates the average Consumer Sentiment Index over a 24-month period that includes the reference month.

In the first half of 2002, consumer sentiment was given a strong boost, albeit temporarily, by an increase in exports especially to the recovering economies of the United States and Asian countries, as well as by the 2002 FIFA World Cup™ Korea/Japan. But this sudden burst of energy faded rapidly in the second half of the year. In fact, the economic downturn that has beset the nation since the fall of 2000 has, until quite recently, been a dominant fixture. The current upturn in the Consumer Sentiment

Index implies a turning point signaling an approaching economic recovery, and suggests that the nation must have climbed out of the recession in or around June this year.

Improved consumer sentiment and renewed personal consumption will pave the way for an increase in demand that will, in turn, put an end to deflationary pressure, for which reason the economic recovery is expected to be sustained.

Chart 3. Dentsu Consumer Sentiment Index and Economic Turning Points



Source: Cabinet Office

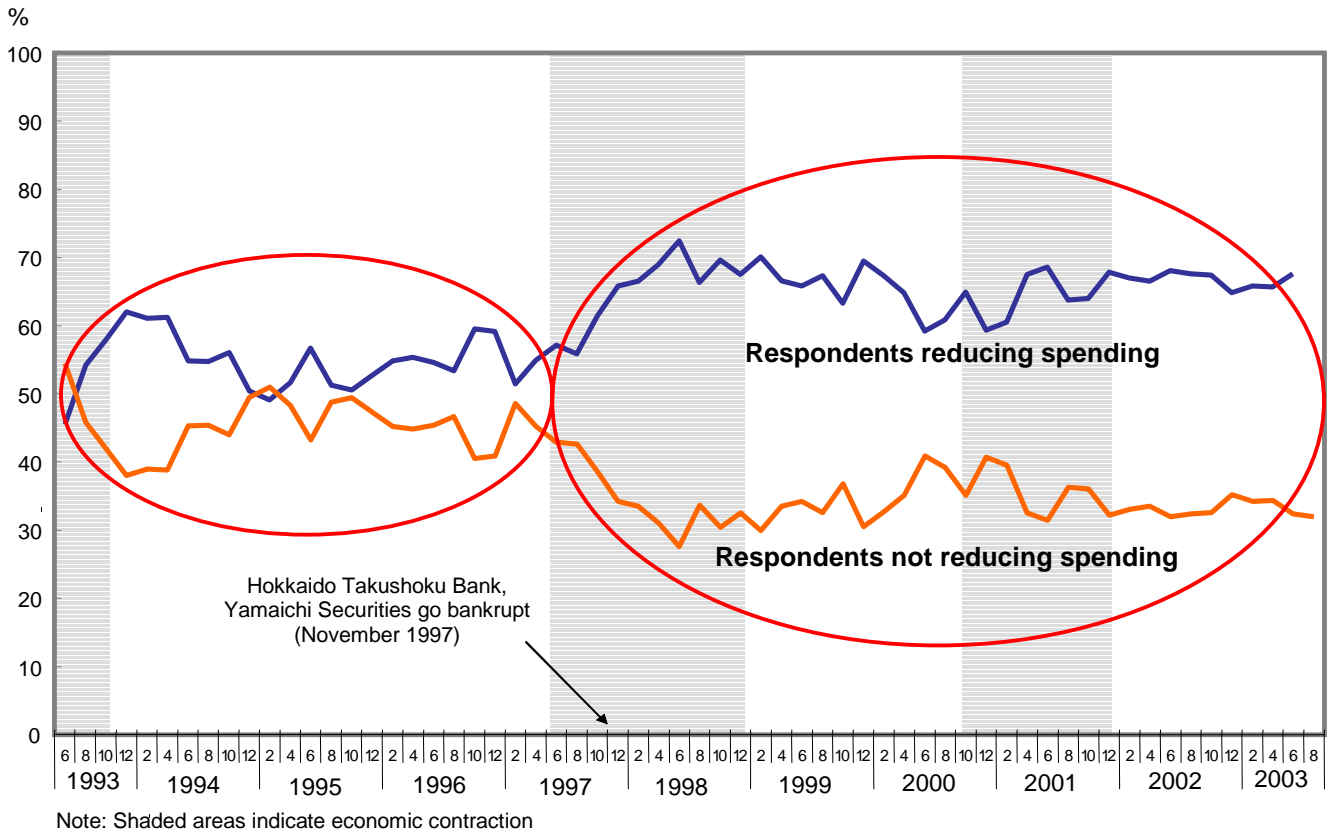
Note: The shaded areas indicate economic contraction and the white areas economic expansion.

Other Survey Results

Willingness to Spend Slipping since 1997 Peak

Until 1996, an average of 45.2% of respondents said they were not cutting back on spending. But, since the 1997 peak, the ratio has slipped to its present weak 33.9%.

Chart 4. Changes in Consumer Attitude to Reduced Household Spending

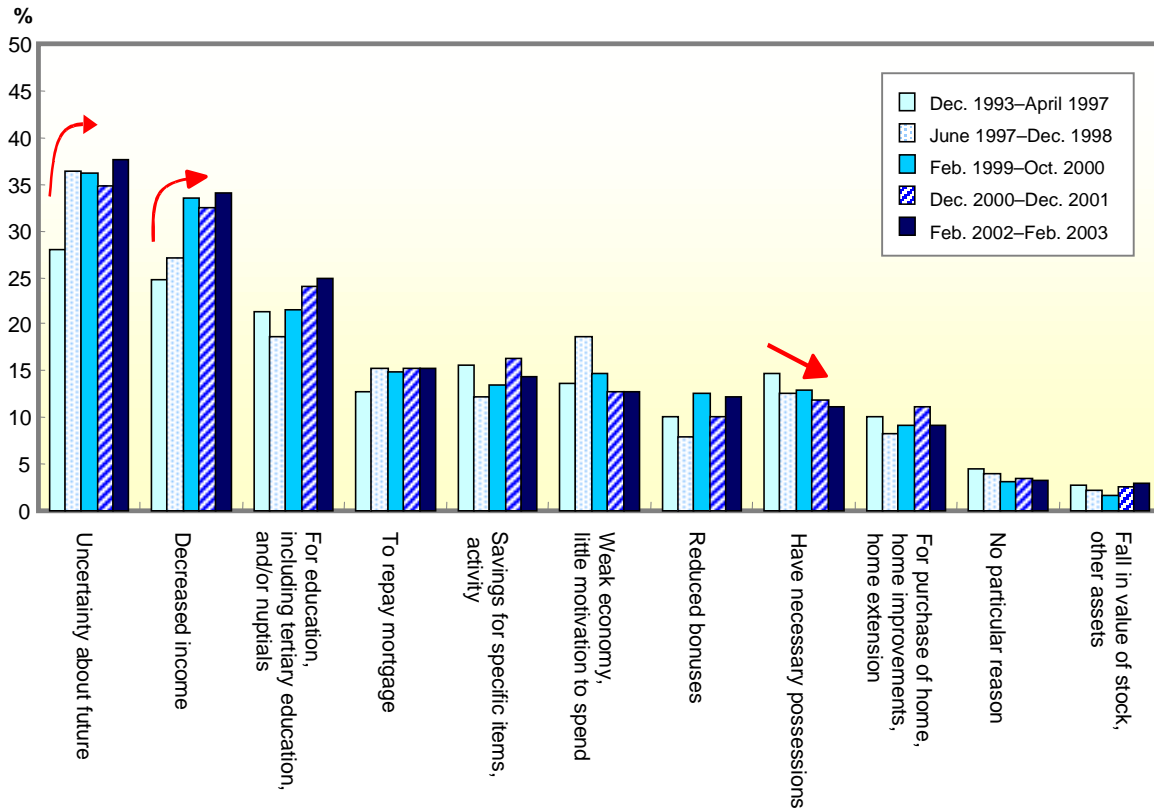


Reduced Spending Not Only Due to Consumers Lacking Need to Buy

Since 1998, an increasing number of respondents have cited uncertainty about the future and a decline in income as reasons to reduce spending. Recently, more than 30% of respondents cited these reasons.

Meanwhile, less than 20% of respondents recently said they were reducing spending because they had everything they needed. The proportion of those who have no need to make purchases is declining gradually, suggesting that consumers cut back on spending for reasons other than this.

Chart 5. Reasons for Current Cutback in Spending

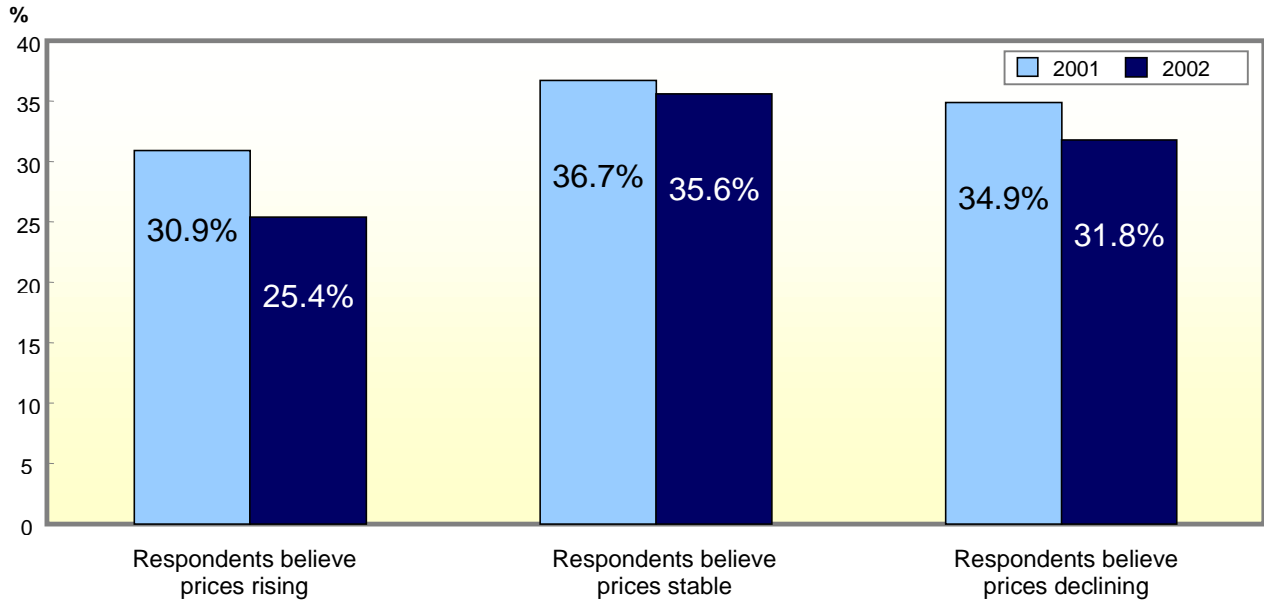


Consumers Positive about Spending If Prices Seen as Stable

A study of the relationship between consumers’ perceptions of prices and their willingness to reduce spending reveals that those who perceive price levels to be unchanged are more likely to be positive about their spending.

Meanwhile, an increasing number of consumers are holding back on spending when they believe prices are rising, for which reason price stability is crucial to stimulating consumption. In other words, both deflation and inflation impact consumer sentiment negatively.

Chart 6. Respondents Not Reducing Spending (Based on Perception of Price Levels)



Better Employment Sentiment Buys Spending

A study using covariance structure modeling (a statistical method used to probe complex phenomena by simplifying causal relationships on a relative basis) designed to come to grips with the major current of consumption-awareness formation reveals that, among the factors that stimulate willingness to spend, sentiments regarding present employment have the most impact on willingness to spend.

Seniors, Especially Women, Play Pivotal Role in Boosting Consumption

The above surveys suggest that the segment of the population aged 50 and over is most likely to link willingness to spend with improved consumption. Furthermore, women are more likely to benefit from macro-economic improvements. Thus, seniors, especially women, are expected to drive up consumption as the economy expands.

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